

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1886-01  
Bill No.: HB 889  
Subject: Economic Development; Enterprise Zones; Business and Commerce  
Type: Original  
Date: March 21, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0 to (\$200,000)	\$0 to (\$200,000)	\$0 to (\$200,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to (\$200,000)</b>	<b>\$0 to (\$200,000)</b>	<b>\$0 to (\$200,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

In response to similar legislation from this year, officials from the **Department of Economic Development (DED)** stated this proposal would allow DED to issue additional New Business Facility Tax Credits to a SIC code associated with cycle manufacturers. The proposal would have little impact on DED.

The DED assumed additional Business Facility Tax Credits could be issued and result in a cost of \$0 to \$200,000 range but that the costs would likely be offset by positive economic benefits to the state. No administrative costs are projected.

Officials from the **Department of Revenue (DOR)** state this legislation will allow certain employees of a new business facility who were residents of the enterprise zone for at least one full month from the time they were employed by the new business facility to be counted as an enterprise zone resident.

The DOR states that they do not anticipate a significant increase in the number of new credits filed. Therefore, they will not request additional FTE at this time. However, if their assumption is incorrect, the Personal Tax Bureau will need one Temporary Tax Season Employee for every 75,000 additional credits, one Tax Processing Tech I for every 30,000 additional errors generated and one Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this credit. The Business Tax Bureau will need one Tax Processing Tech I for every 3,680 additional credits received. Any FTE needed will be requested during the normal budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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### **GENERAL REVENUE**

<u>Costs</u> - Business Facility Tax Credits	\$0 to (\$200,000)	\$0 to (\$200,000)	\$0 to (\$200,000)
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

### FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses within the Standard Industrial Classification (SIC) code 3751 could be expected as a result of this proposal, if they can now qualify for the New Business Facility Tax Credits.

### DESCRIPTION

This proposal allows any employee of a new business facility with the Standard Industrial Classification (SIC) number 3751 (relating to motorcycles, bicycles, and parts) to be considered a resident of an enterprise zone, even if the employee ceases to live in an enterprise zone, as long as the following conditions are met

- (1) The individual was a resident of an enterprise zone for one calendar month prior to his employment with the new SIC 3751 business facility;
- (2) The individual remains employed with the new SIC 3751 business facility;
- (3) The individual continues to reside in Missouri.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Economic Development  
Department of Revenue



Jeanne Jarrett, CPA  
Director  
March 21, 2001